

Private & Confidential

7 June 2024

Our Ref 00181979-2400(25)

Please ask for: Catherine Taylor
Direct Dial: 0141 249 5256

Email: catherine.taylor@bdo.co.uk

Dear Sir(s)

**RFC 2012 P.L.C. formerly The Rangers Football Club P.L.C., (“the Company”) - In Liquidation
Company Number: SC004276
In the Court of Session, reference P1134/12**

1. Introduction

We refer to the appointment of James Stephen (Office Holder No:9273) of BDO LLP, 2 Atlantic Square, 31 York Street, Glasgow, G2 8NJ and Malcolm Cohen (Office Holder No:6825) of BDO LLP, 55 Baker Street, London, W1U 7EU as Joint Liquidators of the Company on 31 October 2012. This report, which is our final report in this liquidation, should be read in conjunction with our previous update dated 22 November 2023 and our subsequent letter to creditors dated 5 March 2024.

The Company’s registered office is situated at C/o BDO LLP, 2 Atlantic Square, 31 York Street, Glasgow, G2 8NJ. The registered office prior to insolvency was Ibrox Stadium, Glasgow, G51 2XD. In terms of the EC Regulations, the Company’s centre of main interest is in the United Kingdom.

This report addresses the following aspects of the liquidation process:

- In accordance with section 146(2) of the Insolvency Act 1986 (“the Act”) and Rules 7.4 and 7.9 of The Insolvency (Scotland) (Receivership and Winding up) Rules 2018 (“the Rules”), a final update to creditors regarding progress in the liquidation to date;
- An update regarding dividends paid and consignments of unclaimed dividends; and
- Notification and drawing of the Joint Liquidators’ remuneration and outlays as approved by the Liquidation Committee (“the Committee”).

As creditors may recall, the Committee was formed at the first statutory meeting of creditors held on 4 December 2012. The five members of the Committee represent the interests of the general body of creditors, and each has signed a confidentiality undertaking given the sensitive nature of the information to which they have access. Since its formation, twenty-seven formal Committee meetings have been held, along with other ad hoc discussions in relation to specific matters as they have arisen, in which the Joint Liquidators’ investigations and the liquidation strategy have been discussed in detail. As all matters in the liquidation were nearing completion, the final Committee meeting took place on 29 September 2023 when the Committee approved final resolutions.

2. Receipts and Payments

We attach at Appendix 1, for your information, a summary of our receipts and payments for the final period to 28 May 2024, together with a cumulative summary for the duration of the liquidation. We are unable to provide statement of affairs comparatives as, despite repeated requests, no statement of affairs has been submitted by the directors. We have included as comparatives the estimated assets and liabilities as provided by the former Joint Administrators.

The receipts and payments are in the main self-explanatory, but we would like to comment on the following items:

Joint Liquidators' Remuneration and Outlays - Approved & Drawn (figures shown net of VAT)

As set out in our last report dated 22 November 2023, the Committee had approved that the Joint Liquidators may draw fees incurred from 23 September 2023 to the closure of the liquidation in line with a budget presented to the Committee on 29 September 2023, totalling no more than £75,500.00 (excluding VAT), subject to those time costs having been properly incurred.

As notified to creditors in our letter of 5 March 2024, costs of £81,024.25 had been incurred to 1 March 2024, with no outlays incurred, and notice was issued to creditors of our intention to draw the final fee of £75,500 plus VAT, and to give them the opportunity to appeal against the determination under Rule 7.12 of the Rules. Following the expiry of the 14-day appeal period, payment of these fees was drawn on 18 April 2024.

To date the remuneration drawn in the liquidation to the end of the period totals £7,025,292.36, together with outlays of £70,704.10. This excludes the Joint Liquidators' pre-appointment remuneration and outlays totalling £191,364.84.

Legal fees - liquidation

To date, the following legal fees, which have been approved by the Committee, have been paid as an expense of the liquidation:

Firm	Fees	Outlays
Brodies	1,667,178.84	685,323.38
Stephenson Harwood	7,714,271.12	699,519.33
Clyde & Co	49,500.00	-
Taylor Wessing	-	11,722.00
Michelmores LLP	10,000.00	-
Bramley Corporation Limited	11,700.00	296.45
Addleshaw Goddard LLP	-	2,400.00
William Wood QC	11,400.00	-
Shepherd & Wedderburn LLP	2,172,403.09	1,145,427.70
Levy & McRae	84,051.34	17,044.04
One Essex Court	-	54,375.00

As previously advised, of the legal fees paid to Stephenson Harwood ("SH"), c£5.4 million relates to the Collyer Bristow litigation.

3. EBT/HMRC

As previously reported, and in relation to HMRC's prior claim of £64.514m, the Joint Liquidators, along with colleagues from BDO's Tax Dispute Resolution team and our legal advisors, carried out extensive and collaborative discussions with HMRC to reach a negotiated resolution in relation to certain remaining elements of the claim.

A composite settlement of £56m was agreed with HMRC, which reflected the outcome of the Supreme Court decision in 2017, and can be summarised as follows:

	£'000
EBT/ IHT	41,648
Small tax claims	4,079
Craig Whyte era	<u>10,273</u>
	<u>56,000</u>

Whilst the broad terms of the settlement were agreed in advance, the formal Settlement Agreement was only executed in July 2023, shortly after which an equalising dividend was paid (given that the Joint Liquidators had previously only provided for the balance of HMRC's claim over and above the admitted elements of its claim). Along with all other creditors, referred to below, a third and final dividend has now been paid to HMRC on its settled claim of £56m.

4. Dividends and Consignments

In total, the Joint Liquidators have paid dividends totalling 14.43p in the £ to all admitted creditors on approval of Schemes of Division by the Committee, as follows:

- The first distribution of 3.91p in the £ was made in November 2017 and we have recorded £31,482.59 of payments not banked from this distribution;
- The second distribution of 3p in the £ was made in March 2020 and we have recorded £27,303.89 of payments not banked from this distribution;
- The third distribution of 7p in the £ was made in August 2023 and we have recorded £93,341.67 of payments not banked from this distribution; and
- The fourth and final distribution of 0.52p in the £ was made in October 2023 and we have recorded £8,216.71 of payments not banked from this distribution.

In total £160,344.86 of unclaimed dividends were consigned to the Accountant of Court on 25 April 2024 as well as a payment of £36 to the Scottish Courts and Tribunals for administering the consignment. Any creditors wishing to claim their uncashed dividends are required to contact the Accountant of Court's office.

5. Joint Liquidators' Remuneration and Outlays

Further fee approvals since the last report are detailed in section 2. All fees are approved by the Creditors' Committee in this liquidation.

The basis of remuneration in this case is a time cost basis. We enclose at Appendix 2 a SIP9 summary of our time costs since the last approval, covering the period from 23 October 2023 to 7 June 2024. Also enclosed is a summary of all time costs incurred in the liquidation from the date of appointment to 7 June 2024.

The Committee has now approved all the Joint Liquidators fees in the Liquidation totalling £7,025,292.26 and outlays of £70,704.10. No further remuneration or outlays will be drawn.

7. Conclusions

We have attended to all statutory requirements throughout the course of the liquidation to date.

The Joint Liquidators have paid all dividends due to creditors and completed the consignment of any unclaimed dividends.

As the affairs of the Company are fully wound up, a Notice of Final Account has been posted to the creditor portal web site with this report in accordance with terms of Rule 5.33(2) of the Rules. Following 28 days from the delivery of this report, the Joint Liquidators will lodge a copy of this

report together with a notice under section 146(4)(b) of the Act with the Accountant in Bankruptcy, the Registrar of Companies, the Court and the Accountant of Court. The Joint Liquidators will vacate office on the filing of the section 146(4)(b) notice.

If no creditors have objected to the Joint Liquidators' release within the 28 day period from delivery of this report, the Joint Liquidators obtains their release in terms of Section 174(4)(d)(ii) on the day they vacate office. If any creditors object to the Joint Liquidators release an application will be made to the Accountant of Court for to seek the Joint Liquidators release under Rule 5.32

8. Insolvency Ethics & Complaints

As Insolvency Practitioners, we are bound by the Insolvency Code of Ethics, of which the fundamental principles are:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

A full copy of the code is available at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>.

The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us but are not satisfied with our response, you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you find further information on how you may pursue your complaint.

Should you have any queries in respect of this report please contact Catherine Taylor on 0141 249 5256.

Yours faithfully
For and on behalf of
RFC 2012 P.L.C. (formerly The Rangers Football Club P.L.C.)



James B Stephen
Joint Liquidator



Malcolm Cohen
Joint Liquidator

James Bernard Stephen and Malcolm Cohen are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England & Wales. Office holder numbers 9273 and 6825, respectively.

The Joint Liquidators are Data Controllers as defined by the General Data Protection Regulations. Personal data will be kept secure and processed only for matters relating to the liquidation. Please see the privacy statement at <https://www.bdo.co.uk/en-gb/legal-privacy/privacy-notice>

This report has been prepared by the Joint Liquidators solely to comply with their statutory duty under the Insolvency Act and Rules to provide members and creditors with an update of the liquidation. This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to any debt or financial interest in the Company. Any person that chooses to rely on this report for any other purpose or in any other context other than under the Act and the Rules does so at their own risk. Any estimated outcome for creditors included in this report is illustrative and cannot be relied upon as guidance as to the actual outcome for individual creditors.

Appendix 1 - Joint Liquidators' Receipts & Payments

 RFC 2012 P.L.C. (formerly The Rangers Football Club P.L.C.)
 (In Liquidation)

Summary of the Joint Liquidators' Receipts and Payments for the period from 31 October 2012 to 7 June 2024

Statement of Affairs £	From 31/10/2023 To 07/06/2024 £	From 31/10/2012 To 07/06/2024 £
ASSET REALISATIONS		
	NIL	70,000.00
1,871,000.00	NIL	2,355,961.58
Uncertain	NIL	2,521,150.32
Uncertain	NIL	NIL
Uncertain	NIL	24,000,000.00
	NIL	90,742.38
	NIL	550,000.00
	NIL	7,511,928.33
Uncertain	NIL	NIL
	NIL	367,727.60
	NIL	6,748.95
	NIL	3,713.27
	NIL	37,477,972.43
COST OF REALISATIONS		
	36.00	591.00
	NIL	86,469.06
	75,500.00	7,025,292.36
	NIL	70,704.10
	NIL	191,364.84
	NIL	36,204.11
	NIL	9,577.00
	NIL	190,432.53
	NIL	2,926,640.00
	35,925.25	6,339,254.39
	NIL	2,259,951.71
	NIL	2,348.83
	NIL	130,000.00
	NIL	170,000.00
	NIL	47,885.00
	NIL	257,799.88
	NIL	3,174.20
	NIL	3,629.68
	NIL	3,986.66
	NIL	2,712.57
	NIL	287,327.78
	NIL	439.68
	NIL	5,381,250.00
	NIL	356,156.19
	NIL	25,000.00
	NIL	240,000.00
	NIL	892.35
	NIL	1,123.54
	(111,461.25)	(26,050,207.46)

Appendix 1 - Joint Liquidators' Receipts & Payments

RFC 2012 P.L.C. (formerly The Rangers Football Club P.L.C.)
(In Liquidation)

Summary of the Joint Liquidators' Receipts and Payments for the period from 31 October 2012 to 7 June 2024

Statement of Affairs £	From 31/10/2023 To 07/06/2024 £	From 31/10/2012 To 07/06/2024 £
PREFERENTIAL CREDITORS		
	NIL	2,121.42
(1,000.00) Preferential N.I.C. & Tax		
	NIL	742.32
(7,000.00) RPO		
	NIL	6,401.73
	NIL	(9,265.47)
UNSECURED CREDITORS		
(7,033,666.84) Trade & Expense Creditors	(336.70)	503,121.03
(7,736,000.00) Debenture Holders	(61.97)	225,817.93
Uncertain Unsecured E.P.A.	118.01	3,326.67
(20,030,000.00) Directors	(156.29)	NIL
(27,211,671.63) Ticketus	0.05	1,587,402.15
(3,344,432.04) Football Creditors	436.55	55,012.18
(94,426,217.22) HMRC	0.35	8,081,319.54
NIL Wavetower/The Rangers FC Group Ltd	NIL	962,500.00
	(0.00)	(11,418,499.50)
DISTRIBUTIONS		
(10,879,400.00) Ordinary Shareholders	NIL	NIL
	NIL	NIL
(168,798,387.73)	(111,461.25)	0.00
REPRESENTED BY		
		NIL

* The Company is VAT registered. Receipts and payments are shown net of VAT

Appendix 2 - SIP 9 Summary

Creditors may access information setting out creditors' rights in respect of the approval of the Joint Liquidators' remuneration and a copy of BDO LLP's charging and expenses policy at:

<https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

BDO LLP REMUNERATION AND DISBURSEMENTS POLICY

In accordance with best practice, I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the liquidation.

The current charge out rates per hour of staff within my firm who may be involved in working on the liquidation follows. This in no way implies that staff at all such grades will work on the case.

Charge Out Rates

STAFF GRADE	From 1 July 2023	
	<u>Glasgow</u>	<u>London</u>
	£	£
Partner	621	994
Principal	621	994
Director / Senior Manager	521 - 625	694 - 834
Manager	380	507
Assistant Manager	286	333
Semi-Senior Administrator	228 - 266	304 - 354
Administrator	140	186
Support staff/Secretary	93	93

The rates charged by BDO LLP are reviewed each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in subcategories. Please note that the 11 categories provide greater detail than the 6 categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis, a periodic report will be provided to any committee appointed by the creditors, or in the absence of a committee, to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into 2 categories:

Category 1 Disbursements

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, travel (by public transport), couriers, searches at company house, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

Category 2 Disbursements

We propose to recover from the liquidation the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Rules to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.